Planning with Seniors for the 21st Century

Aging: Independent Living – A Discussion Paper

Nova Scotia
Senior Citizens' Secretariat

Aging: Independent Living

Preface

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The Mandate

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Aging in Nova Scotia
Today's and Tomorrow's Financial Environment

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Preface

The Senior Citizens' Secretariat is a major cabinet committee of the provincial government, consisting of the ministers of Health and Fitness, Housing, Community Services, Advanced Education and Job Training, Municipal Affairs, and Education, and the minister responsible for the Sport and Recreation Commission. The chairman of the Secretariat is the minister of Mines and Energy, the Honourable Jack MacIsaac.

The Secretariat's mission follows:

1. To facilitate the planning and development of services and programs for seniors by the appropriate departments of the provincial government.
2. To work cooperatively with federal and municipal governments in the development of appropriate policies and programs in the field of aging and the aged.
3. To serve as a resource and information centre for all matters relating to aging and the aged.
4. To promote fact finding and research in the field of aging and the aged.
5. To encourage the development of voluntary activity on behalf of seniors and provide assistance and encouragement to the private sector in promoting services and programs for seniors.
6. To work cooperatively with universities, vocational schools and all organizations concerned with developing educational programs in gerontology, thereby increasing the numbers and improving the quality of staff personnel, professionals and others providing services and programs for seniors.
7. To assist seniors throughout the province to understand and make use of programs and services available to them.
8. To manage a toll-free telephone help line available to all seniors within the province who require assistance in making use of programs and services for seniors.
9. To assist non-government agencies and organizations representing seniors by providing a single entry point for these agencies when making representations to government on behalf of seniors.

The Secretariat carries out its mission by

- working cooperatively with government departments to improve the quality of services and programs for seniors;
- advising seniors in finding the right government department or community service agency to provide needed services;
- arranging seminars, workshops and similar learning opportunities for seniors and community service agencies interested in helping seniors;

- publishing pamphlets and booklets, such as *Programs for Seniors*, to help seniors understand what programs are available;
- collecting and making available the most up-to-date resource material in the field of aging and the aged;
- meeting with seniors' clubs and councils and community service agencies to create a better climate of understanding of issues, programs and trends affecting seniors;
- working with universities, vocational schools and community organizations in developing educational programs in gerontology; and
- encouraging research and fact finding related to aging and the aged.

The Mission Statement makes it clear that the Secretariat is primarily a planning and coordinating arm of the provincial government in the field of aging and the aged. Even a casual examination of population changes over the past two or three decades and current cost projections provides convincing evidence that the field of aging and the aged must be the focus of a major thrust in social policy during the next decade. Apart from these rather mundane considerations are other factors related to the well-being and the human dimensions of an aging population. What should a caring and compassionate society be expected to provide over the long term for those who have laboured a lifetime and now must plan for retirement?

The staff of the Secretariat, all of whom were involved to some degree in preparing this study, are expected to ensure that the Secretariat's mission is adequately discharged. In doing so, the staff are answerable through the chairman to the ministers comprising the Secretariat. This report consists of findings and conclusions on which the three levels of government and the private sector may draw in making policy decisions.

The findings and observations we present in this report were arrived at after
a) studying the demographics of aging;
b) analyzing programs and services being provided elsewhere;
c) taking into account the financial environment in Nova Scotia; and
d) listening to the views of seniors and professionals providing programs and services to seniors in Nova Scotia.

Our findings and conclusions are lengthy, and some are likely to be costly if implemented in full. Obviously some have a higher priority for implementation, while others may not seem as important or critical to the well-being of seniors. Some of the programs and services proposed here can be provided best, or perhaps only, by government. To which levels of government should we look for implementation? Other programs and services can best be provided by the private sector. Can we agree on these? In some cases, limited government

support is needed by the private sector to play a meaningful role in providing services. Where is funding needed and how much is enough?

The most pressing issue of all is the role and responsibility of the individual and the family. What can we reasonably expect the individual to do in planning for his or her old age? The current state of pensions is a good example. Too few have real concern about pensions or setting aside savings in the early years. If planning is delayed to age 45 or 50, it is, in most cases, too late. All this raises a question about compulsory provision for pension savings, which will be addressed in this report. There are other serious issues related to individual responsibility, and we will try to deal with these in our findings and conclusions.

Families continue to bear a heavy responsibility for their aged parents, with women comprising most of the primary caregivers. In fact, some writers contend that the term 'informal caregivers' may be equated with daughters and daughters-in-law. Do we expect too much from families? Are future trends likely to erode existing patterns of family care and responsibility? These are questions we must keep before us in all our findings and conclusions.

Suffice it to say at this juncture that this report takes the position that government cannot and should not be expected to do it all. While government must provide leadership in facilitating those changes necessary to meet the challenges of an aging population, the development of appropriate responses must have the informed cooperation of all elements of society.

These issues and questions are not easy to resolve, and, in the last analysis, decisions about their resolution are likely to be public policy decisions from the appropriate levels of government.

Views about the priorities, the propriety and the practicability of many of the findings and conclusions in this report are bound to conflict. The best we can hope for is that we have succeeded first in conveying a sense of what the senior community in Nova Scotia is saying and thinking about services and programs and, second, have placed these in a perspective consistent with the demographics we foresee for the next decade and the experience elsewhere, especially in Canada and the United States.

We do expect our observations and findings to be widely discussed and some possibly challenged. Social policy directions of the magnitude contained in this report deserve the best thought and consideration the community can provide.

The provincial government has already made policy pronouncements on some issues and findings outlined here; however, the list is long and costly, and it

would indeed be unrealistic to expect that everything suggested could be done immediately. At best it is a blueprint for identifying priorities leading to the 21st century.

The Secretariat will hold a major seniors' conference in 1990 to follow up the last one held in Antigonish in 1984. We believe that issues related to pensions should be given priority at that time. The findings documented in this report will provide a rich field for study between now and then, and this report will be the main item for consideration at that conference.

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The Mandate

INTRODUCTION

> Not so long ago, people didn't age; they died. Today, the elderly account for more of the overall population than ever before, and their numbers are growing; especially in the Western World, a "greying of nations" is underway. The 1984 Task Force on the Allocation of Health Care Resources, sponsored by the Canadian Medical Society, noted that the percentage of population projected through the years 1981-2021 is significantly higher for the older age groups [65 and over] than for the younger [0-19]. Translated, the numbers are impressive. In 1950 in North America, there were approximately 12 million people 65 and over; that figure is likely to swell to 50 million by the year 2021, including 6 million Canadians—twice the current figure—and these senior citizens aren't going to conform to stereotypical notions of grey-haired inadequacy. Not only has life expectancy increased; so, too, have expectations about quality of life.*

This excerpt from the "Greying of Nations" is a clear, succinct statement of the increasing importance of seniors in today's society. Between 1950 and 2021 the seniors population of Nova Scotia is projected to triple from 55,000 (8.5% of the population) to approximately 165,000 (17.1% of the population). The formation of the Senior Citizens' Secretariat in 1980 was the Government of Nova Scotia's response to this population change.

THEMES

The following themes dominate much of the writing and research in the field of aging and the aged in Canada.

Theme 1	Canada's population is aging rapidly and living longer, which will have a significant social and economic impact in the 21st century.
Theme 2	How society can afford to meet the needs of this aging population and whether fundamental changes are required now to avert a possible crisis are increasing concerns.
Theme 3	As life span lengthens, the quality of life may not keep pace. Thus, we lengthen life and, at the same time, lose our freedom and independence.

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* Excerpt from "The Greying of Nations," *Arthritis News*, Vol. 6, No. 2, June, 1988

Theme 4 **Needs as perceived by seniors are increasing as our population ages.**

Themes one and two reflect the main concerns of gerontologists, policy analysts, economists and practitioners, while the third and the fourth themes reflect the primary concerns of older persons in Nova Scotia.

A major part of this study will relate to Theme one—the demographic changes we may safely forecast in Nova Scotia. Without that solid base, policy formulation, which is the objective of this study, becomes nothing more than unfounded speculation.

The second theme, cost, is much more difficult. The word 'crisis' is being widely used, but is there really a crisis? The ever-expanding costs of health care are often blamed on our aging population. Do the statistics bear this out? Undoubtedly there are abuses, such as of the pharmacare program, but are they substantial in the overall cost projections for the next decade? Are seniors the major abusers of or contributors to increasing costs? What role does the medical profession play? How much can we afford to spend on our aged and aging population? Is the answer not largely a matter of priorities and values, unless, of course, the expenditures are very much out of control?

Theme three, life span, is the most difficult of all four and, at the moment, there is little possibility that this study or any other will throw much light on it. First we must understand the issue completely. We all want to prolong life as long as possible, but inevitably it brings with it an increase in chronic illness and other problems associated with diminished capacity and senility. A decrease in the quality of life is an unhappy consequence. How shall we learn to balance these two conflicting realities of the aging process?

Theme four, needs, was addressed in a major way in consultations between the Secretariat and seniors in the summer of 1988. It is not difficult to identify a lengthy list of needs. Indeed, the human condition is such that our perceived needs and wants far exceed our capacity to provide. So, among many competing demands, we have to agree on priorities. What is urgent? What may be deferred? That we have three levels of government—as well as the voluntary sector, the family and the individual—all involved in providing services, complicates the issue. We may perceive a need as a priority, but who should be called on to fill it?

THE STUDY

In response to these issues and the need to address their social and economic implications, the Province, in December of 1987, instructed the Senior Citizens' Secretariat "to carry out an in-depth Study of the impact of the projected significant increase of seniors on programs and services provided by government and the voluntary sector."

A Task Force of deputy ministers from Health and Fitness, Housing, Community Services, Advanced Education and Job Training, Tourism and Culture, Development, Education, Municipal Affairs, the Sport and Recreation Commission and the Cabinet Secretariat, chaired by F.R. MacKinnon of the Secretariat, working through a committee of senior officials from these departments, chaired by John A. MacKenzie of the Secretariat, was given responsibility for the overall direction and conduct of the study, which proceeded in phases to address the following:

- the demography of our senior (65 and over) and near senior (55 years plus) population, its use of public and/or private social programs (health, housing, home care, education, recreation, transportation and income maintenance) and the costs of these uses;
- the projected demography of our senior/near senior population over the next decade and what it likely will mean for the use and cost of social programs, both public and private;
- what our seniors/near seniors (those 55 years and over who will be at least 65 before the end of the decade) perceive to be the necessary attributes/ requirements of well-being; and
- the implications of these findings for governments at all levels as they undertake, with the cooperation and assistance of all elements of society, to frame social policies and finance and deliver social programs to a significantly increased senior population in a manner that minimizes administrative complexities and maximizes self-help efforts.

First, early in January a committee of senior officials met under the chairmanship of John A. MacKenzie, Special Consultant, Senior Citizens' Secretariat, to address Phase I of the study on the demography of aging, program/service utilization, and the major issues and concerns of the seniors community as reflected in the literature and in practice. The committee included Dean Hirtle, Health and Fitness, Gary Young, Tourism and Culture, Barbara Jones-Gordon, Municipal Affairs, Tali Robuck, Community Services, Paul Dober, Industry, Trade and Technology, Ernie Clarke, Housing, Lorne Ferguson, Cabinet Secretariat, Nelson Ellsworth, Sport and Recreation, and

Turney Manzer, Education. The committee consulted extensively with all levels of government and the private sector to document the nature, extent and cost of program/service utilization by seniors. It also commissioned an extensive literature review to identify the major trends in the field of aging and the major issues/concerns of seniors and near seniors nationally and internationally.

The study was conducted in three phases. Phase I, Chapters 2-4, addresses the major trends, and issues and concerns of seniors documented in the literature generally, the changing demographic picture, and program/service utilization and costs. The Task Force extends special thanks to Jane McNiven, a freelance researcher, and Paul Dober of Industry, Trade and Technology for their preparation of key material in the chapters on both trends, issues and concerns and on the demography of aging.

Phase II is devoted to the advice of seniors and near seniors, their organizations and the agencies serving them on those programs and services essential to their well-being. At public meetings in twenty locations throughout the province, Secretariat staff heard a great variety of briefs and proposals from seniors and their organizations (Chapter 5). Chapter 6 was prepared for the Task Force by the Department of Finance and examines the financial environment in which both current and new programs and services for seniors will have to be developed. A special vote of thanks is extended to Ms. Marilyn Gaudet, Ms. Elizabeth Cody and Ms. Cathy Thornley of the Finance Department.

Phase III (Chapter 7) summarizes the major findings of Phases I and II and suggests ways government could bring together the best efforts/resources of society to meet the social program needs of today's and tomorrow's senior population.

Although integral to this study, Chapters 2-6 are complete in themselves and are being released by the Secretariat as separate publications. The final report will be released in early spring and will contain these chapters and Chapter 7—"Where Do We Go From Here?"

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Aging In Nova Scotia
Today's and Tomorrow's Financial Environment

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Introduction

To facilitate the planning and development of public programs and services for senior citizens of this province, it is useful to understand the fiscal environment in which the provincial government operates. This chapter endeavours to provide a brief overview of the financial circumstances that have prevailed across all governments in recent years and the fiscal realities that are expected for the future.

The challenge facing this province will be to work effectively within these fiscal realities to provide the necessary initiatives to meet the ongoing needs of an expanding senior population.

Provincial Government Finance

ECONOMIC ENVIRONMENT

Over the past decade tremendous economic pressures worldwide have had a considerable impact on the fiscal circumstances of all levels of government throughout Canada.

During the early 1980's a world recession resulted in serious impacts on the Canadian and provincial economies. The rate of inflation in Canada rose to the second highest among all countries in the Organization of Economic Cooperation and Development (OECD). High interest rates in the United States pushed Canadian interest rates to record levels during 1981 and 1982. A significant rise in the personal savings rate contributed to weak consumer demand which, in turn, led to a dramatic decrease in business investment. The persistent slowdown in international markets resulted as well in a significant decline in the demand for Canadian exports.

All of these factors contributed to a 1981-82 recession in Canada that was more severe than in other OECD countries and the worst since the depression of the 1930's. As a result of the economic slowdown that occurred throughout all regions of Canada, revenue growth slowed and expenditure commitments rose as income support and stabilization programs were in greater demand.

PROVINCIAL CIRCUMSTANCES

The growth spread between revenue growth and expenditure pressures resulted in a serious dilemma for many governments. As the major portion of public spending was directed towards the delivery of essential service programs, governments were faced with either raising taxes, incurring large deficits, or reducing the level of services to make up for their revenue shortfall.

Most governments in Canada attempted some combination of all three options. In spite of these policies, federal and provincial deficit levels increased dramatically in the early 1980's.

The net operating deficit of the province of Nova Scotia rose from $19.5 million in 1980-81 to $180.3 million in 1981-82 and to $249.0 million in 1982-83. Record high interest rates created additional pressures in terms of the costs associated with servicing the increasing debt level.

Recovery from the 1981-82 recession was well under way by 1983. Nova Scotia's diverse economic base and offshore exploration activity assisted the province in achieving one of the strongest rates of economic recovery in 1983 and 1984 relative to the rest of Canada.

On the fiscal side, however, expenditure pressures remained strong with little additional revenue available to apply against reducing the deficit levels. Expenditures for essential health, education, and social services continued to

consume close to 70% of total gross revenues of the province, while the cost of servicing the existing debt was increasing rapidly.

Funds required to meet debt servicing costs restrict the funding available to government to meet other social and economic requirements. In recent years, therefore, the provincial government has placed deficit reduction as a top priority in setting its fiscal plan to ensure that, over the long-term, sufficient funds are available to meet social and economic policy objectives.

CURRENT FISCAL SITUATION

In 1987-88 the Nova Scotia government announced a three-year fiscal plan of deficit reduction. Targets were established for 1987-88 through to 1989-90 that provided for a gradual decline in the net operating deficit over the course of the three years. The operating deficit was expected to fall from an all-time high of $251.6 million in 1985-86 to $120 million by 1989-90.

The 1989 provincial budget revealed that the government's deficit targets for the first three fiscal years of the plan have not only been met but surpassed. Strong economic and revenue growth combined with sound fiscal management and expenditure restraint policies have been credited as the key factors contributing to this reduction in the deficit.

Consequently, the government's last budget indicated plans to balance the operating budget in 1990-91 and to direct efforts in upcoming years toward reducing overall borrowing requirements of the Province.

IMPLICATIONS FOR THE FUTURE

While the clear direction of the Nova Scotia government has been towards eliminating the deficit and balancing the operating budget, it has affirmed its intention to pursue these goals in a fiscally responsible manner. In 1987-88 the government introduced a strategic planning process to examine the programs it provides and to review the methods of delivering a wide range of services. It was intended that this system would become an integral part of the budgetary process providing government with the appropriate tools necessary to plan for, and meet, future program needs in the province.

The government's goal is to continue to provide services to the people of Nova Scotia in the most efficient manner within available resources.

Federal-Provincial Transfers

FEDERAL CIRCUMSTANCES

During the late 1970's and the early 1980's rapid increases in federal government expenditures were a major factor contributing to a rising deficit at the national level. Discretionary measures such as the National Energy Program and non-discretionary factors brought about by the 1981-82 recession contributed to a substantial increase of 87% in the federal budgetary deficit during 1982-83. The deficit increased from $14.9 billion the year before to $27.8 billion in 1982-83, and it continued its rise to a peak of $38.3 billion in 1984-85.

In September 1984, the federal government moved swiftly to ease expenditure pressures. An expenditure management strategy was introduced with two main objectives: to regain control over spending in order to achieve year-over-year reductions in the deficit and to help create the flexibility that would permit the government to introduce new economic and social initiatives designed to respond to the needs of Canadians.

To gain control over their spending, the federal government scaled back or eliminated some programs and endeavoured to increase government efficiency. Growth in program spending was dramatically reduced from an annual average of 13.9% during the five-year period ending March 31, 1985, to an annual average rate of 4.8% per year over the subsequent five years.

IMPACT ON BLOCK FUNDING ARRANGEMENTS

The expenditure restraint program of the federal government has had serious consequences for provinces. In Nova Scotia, federal transfers, which accounted for 48.6% of total gross provincial revenues in 1981-82, fell to an estimated 40.6% in 1989-90.

During this period, a number of federal restraint measures introduced with respect to the funding of health care and higher education have contributed to this declining relationship.

During the 1982-83 fiscal arrangements negotiations, a large component of the Established Programs Funding (EPF) transfer was eliminated, costing the provincial governments millions of dollars in foregone revenue. In 1983-84 and 1984-85, the post-secondary education component of EPF was the target of federal restraint with the annual growth in related transfers capped at 6% and 5% respectively. Again, in 1986-87 the Government of Canada indefinitely reduced the level of growth in total EPF transfers to the rate of growth in the economy less two percentage points. As a result of these cost savings measures, Nova Scotia has lost over $335 million in federal transfers for health care and post-secondary education over the last eight years.

Further cuts to this program were announced in the February 1990 federal budget. Over the next two years, the federal government plans to freeze the per

capita EPF transfers at 1989-90 levels. This will result in a further decline in Nova Scotia's[14] EPF transfers of $29 million in 1990-91 and $51 million in 1991-92.

Federal EPF cash and tax transfers for insured health care services have declined from 49.2% of provincial health expenditures in 1977-78, the first year of the EPF arrangements, to an estimated 38.2% in 1989-90. In the case of extended care, transfers are now estimated to total approximately 48% of provincial-municipal spending in respect of nursing homes, homes for the aged, adult residential centres, and regional rehabilitation centres. This compares to 62% during the year the EPF arrangements were introduced.

IMPLICATIONS FOR THE FUTURE

Reduction of the federal deficit will likely require a continuation of tough expenditure restraint measures over the long term. As the fiscal equalization transfers and EPF block funding arrangements represent nearly 16% of total program spending by the federal government, they are a sure target for continued cost savings.

The adequacy of the current EPF program to provide for the future health care pressures of an aging population is indeed questionable. The existing formula for determining the level of transfers is driven by the provincial population and the rate of growth in the economy reduced by two percentage points. The federal government announced in its April 1989 budget a further one percentage point reduction in the Gross National Product (GNP) escalator to take effect in 1990-91. In addition to the drastically reduced rate of growth in EPF transfers, the formula is not sensitive to the age of the population nor to the actual health care costs borne by the provinces, which are incurred in the delivery of programs and services.

In the past the Province has had to assume a greater portion of program costs as the growth in EPF transfers slowed considerably under federal restraint policies. Costly new medical technology as well as the additional demands that will arise from the health care needs of an aging population will continue to put great pressures on provincial fiscal resources.

The aging population has and will continue to become an important concern not only for Nova Scotia but for all provinces. In this regard, federal and provincial governments must work towards a funding arrangement for both insured and extended health care services that will address the growing health care needs of seniors and near seniors across Canada.

Whether the most efficient alternative to the existing arrangements would be a return to cost sharing of the provincial health care costs, an enriched block funding formula, or direct federal grants earmarked for such things as extended care facilities will be a question both levels of government will have to come to grips with in the very near future.

Shared-Cost Programs

A further source of federal funding received by the Province comes through shared-cost arrangements with the federal government covering a wide range of social and economic development programs. In essence, these are conditional transfers received from the federal government that must be spent on specific programs for which the transfers are made. During 1989-90, recoveries from the federal government under these agreements are estimated to total $301.2 million or 8% of total gross revenues of the province.

By far the largest single source of recoveries received under shared-cost programs are in respect of the Canada Assistance Plan (CAP). In 1989-90 recoveries under CAP are estimated to account 56.6% of total shared-cost recoveries received from the federal government.

The Canada Assistance Plan provides primarily for federal sharing of costs incurred by provinces and municipalities in providing social assistance and welfare services to persons in need. Under CAP the federal government reimburses each province for 50% of eligible costs.

Given the magnitude of provincial expenditures and federal recoveries received under CAP, the future direction of this program is of critical importance to the Province when addressing its ability to meet the future needs of an expanding population of seniors and near seniors. Greater demands will likely be placed on this program as the province endeavours to respond to an aging population whose social assistance and welfare service needs are increasing.

RECENT TRENDS AND FUTURE IMPLICATIONS

The likelihood of the Canada Assistance Plan's responding effectively to these growing needs may depend to a great extent upon its ability to survive current and future restraint policies of the federal government.

Certain trends have characterized negotiations of many of the shared-cost arrangements existing between the Government of Canada and Nova Scotia during recent years.

One major trend experienced across a broad spectrum of programs has been a general decline in federal financial support when renegotiating agreements with the provincial governments. There have been numerous instances where the federal government has either endeavoured to reduce the level of its financial support to the Province or has implemented structural changes that have or will result in increased costs for Nova Scotia. Long delays in negotiations and a general lack of regional sensitivity in many national programs and policies have also been experienced.

While the Canadian Assistance Plan has not yet suffered under federal restraint policies, its ability to remain intact while so many other arrangements are being earmarked for reduced financial assistance is a question in the minds of many and is one that must be addressed in planning for the future needs of Nova Scotians.

Federal Income Transfers

Direct transfers to individuals in the form of unemployment insurance benefits, old age security benefits, and family allowance payments account for 30% of total program spending of the federal government during 1989-90. The largest component of these funds or 50% are expenditures made in respect of old age security benefits.

An Old Age Security pension is payable each month to Canadian citizens age 65 and over who fulfill specific residence requirements. In addition, a Guaranteed Income Supplement is provided under the Old Age Security Act as a monthly supplement to Old Age Security pensioners with little or no other income. A further means of support in the form of a spouse's allowance is provided to all widowed persons between 60 and 65 years of age.

Thousands of Nova Scotians have benefitted under the various provisions of the Old Age Security Act. Preliminary statistics as of September 1989 indicate that 110,122 persons in Nova Scotia receive over $36 million in old age security payments. A further $15.4 million was received by approximately 65,000 Nova Scotians under the Guaranteed Income Supplement payments. It quickly becomes apparent that these direct transfers are of paramount importance in determining the standard of living of thousands of Nova Scotians.

In 1989-90, old age security payments are expected to increase at an annual rate of 7.3%. These benefits are expected to account for 15.8% of total program spending by the federal government this year, up from 15.3% in 1988-89. In its 1989 budget, the federal government announced its intention to commence recovery of old age security payments from higher-income Canadians. Higher-income individuals will repay, through the income tax system, old age security benefits at a rate of 15% of individual net income in excess of $50,000.

Public and Private Pension Plans

A review of the public sector financial environment that is likely to prevail in the future, and of its ability to support the growing needs of seniors and near seniors, would not be complete without some reference to developments that have taken place in respect of public and private sector pension plans. The importance of pension plans to the lives of seniors and near seniors cannot be underestimated.

CANADA PENSION PLAN

Concerns relating to the ability of the Canada Pension Plan to meet the future demands of an aging population prompted federal and provincial governments to take a serious look at the provisions under the CPP during the mid-1980's. A review of CPP financing confirmed that the fund would be totally depleted by the year 2003 if existing premium rates were not increased and if benefits remained unchanged. The least disruptive way of placing the CPP on a sound footing for the future was determined to be gradual increases in the annual contribution rates.

Consequently effective January 1, 1987, contribution rates were placed on a 25-year schedule and were set to increase by 0.20 of a percentage point per year for the first five years and by 0.15 of a percentage point for the following 20 years. By the year 2011 the contribution rate will stand at 7.6%, with workers and employers each paying half.

Two other measures were adopted to ensure the stability and health of the CPP for the future. The size of the CPP fund has been targeted to equal two years of benefits in the long term rather than the previous six years of benefits. This will guarantee a sufficiently large cushion for economic and demographic changes such as retirement of the baby boomers, but will not build up a needlessly large and costly fund.

As well, a procedure has been adopted for ministers of finance to review the CPP at five-year intervals in the future to ensure CPP finances remain healthy and on track and to continue extending the schedule for another five years, thereby maintaining a 25-year plan.

In addition to improved financing arrangements, important changes in CPP benefits were also adopted during 1987. Benefit enrichments include:

- flexibility to draw CPP pensions between age 60 and 70 with appropriate adjustments to the amount of pension received;
- enhanced disability benefits;
- new rules for credit splitting upon marriage breakdown and pension splitting on retirement;
- an increase in the ceiling on combined survivor and disability benefits;

- the continuation of CPP survivor benefits upon remarriage of a widow or widower.

In addition to the financing and benefit changes to the CPP that were implemented January 1, 1987, federal and provincial governments are currently considering the appropriate role of survivor benefits in the CPP and retirement income for homemakers.

It has been the proclaimed intention of both levels of government during the recent review of the CPP to ensure equity, cost efficiency, and the financial health of the CPP plan for future generations. The commitment to review the plan every five years will provide policy makers the opportunity to address the increasing pension needs of an aging population to ensure adequate funding is available under the Canada Pension Plan.

PRIVATE SECTOR PENSION PLANS

Statistics Canada data as of January 1, 1988 indicate a total of 149,463 Nova Scotians are covered under private pension plans administered across all jurisdictions in Canada. Approximately 59% of this total are covered under 112 different public sector plans, while private sector plans reach 1,649 in number and cover approximately 62,000 Nova Scotia.

During recent years the federal government and several provinces have introduced pension benefit legislation directly aimed at upgrading standards and ensuring that more equitable and accessible pension benefits are made available by employers offering such plans. A concerted effort by these jurisdictions has been to ensure that a greater degree of uniformity exists across all pension benefit legislation.

Nova Scotia's Pension Benefits Act, introduced in 1987, required all private sector plans to provide early and postponed retirement options as well as survivor and death benefits. Both full- and part-time employees are now eligible to join their pension plans after two years of service, given that the latter has earned at least 35% of the CPP's yearly maximum pensionable earnings for two years. The legislation provides for accrued benefits to be vested and locked in after two years and deferred pensions to be transferable upon termination of employment prior to retirement.

While the reform of pension benefits standard legislation is an attempt to improve pension benefits and make them more accessible, the fact remains that many Nova Scotians will still not be able to participate in pension plans as employers are still not required to provide pension plans to their employees. The income tax system, however, currently provides incentives for all Canadians to save for their retirement through Registered Retirement Savings Plans (RRSP's). The federal government has initiated some changes and has several other amendments planned to taxation legislation in respect of RRSP's to provide further tax assistance to encourage people to save for their retirement.

Senior Citizens' Secretariat

Other Secretariat Publications

- Monthly Newsletter
- Statement on Aging and the Aged — 1984
- "Seniors Helping Seniors" Proceedings of a Nova Scotia Conference on Aging and the Aged — 1984
- Programs for Seniors (5th Edition) — 1989-90
- Aging and the Aged in Nova Scotia (A list of Writings from 1979 to 1985)
- Elder Abuse: Everyone's Concern — 1986
- "To Be or Not to Be" — a Nova Scotia Seminar on the Need for a Gerontology Center — May 28-29, 1986
- Report on Home Care Consultations — 1986
- "Hear Ye — Hear We" — A Nova Scotia Seniors' Seminar for Better Hearing — June 29-30, 1987
- Proceedings of Partnerships in Aging: Bringing Nova Scotia Seniors Together — a Provincial Meeting of Veterans and Seniors — August 11-13, 1987
- Seminar Proceedings — Cape Breton Senior Seminar for Better Hearing — September 20-21, 1988
- Planning with Seniors for the 21st Century — Major Trends and Issues — May, 1989
- Planning with Seniors for the 21st Century — Demographics — July, 1989
- Planning with Seniors for the 21st Century — Programs and Services — December, 1989

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